

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House  
(317) 232-9855

**FISCAL IMPACT STATEMENT**

**LS 7239**

**BILL NUMBER: HB 1936**

**DATE PREPARED:** Jan 10, 2001

**BILL AMENDED:**

**SUBJECT:** Inheritance tax exemptions.

**FISCAL ANALYST:** Jim Landers

**PHONE NUMBER:** 232-9869

**FUNDS AFFECTED:**

**GENERAL  
DEDICATED  
FEDERAL**

**IMPACT:** Pending

**Summary of Legislation:** Provides that each family member inheriting a family farm or a family business is allowed an Indiana inheritance tax exemption equal to the amount of the estate's unified credit against the federal estate tax. Provides that the amount of the exemption increases incrementally to \$1 million for family farms and family businesses transferred by persons who die after June 30, 2006. Requires transferees who inherit a family farm or a family business to materially participate in the operation of the farm or business for at least five years following the person's death. Provides that the amount of inheritance tax that exceeds the exemptions available under current law is subject to recapture if the transferee disposes of the property or ceases to use the property for the family farm or family business. Provides that the finally determined federal estate tax value of a property interest is presumed to be the fair market value of the property interest for Indiana inheritance tax purposes in all circumstances. (Current law provides that the finally determined federal estate tax value does not apply to family farms and family businesses valued under Section 2032 of the Internal Revenue Code and requires the transferees to use the property's fair market value.)

**Effective Date:** July 1, 2001.

**Explanation of State Expenditures:** *As of the above date, the fiscal analysis of this bill has not been completed. Please contact the Office of Fiscal and Management Analysis for an update of this fiscal impact statement.*

**Explanation of State Revenues:**

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:**

**Local Agencies Affected:**

**Information Sources:**